

***CHILDREN'S SERVICES ACT
PROGRAM AUDIT***

Madison County

Audit Report No. 06-2018

January 22, 2018



Office of Children's Services
Empowering communities to serve youth

TABLE OF CONTENTS

Executive Summary

Introduction 1

Background 2

Observations and Recommendations

Section 1 – Major Deficiencies

A) Program Activities..... 3 - 4

B) Governance Activities..... 4 - 7

Section 2 – Other Deficiencies

C) Governance Activities..... 7 - 8

Conclusion 9

Report Distribution 10

EXECUTIVE SUMMARY

The Office of Children's Services (OCS) has completed an audit of the Madison County Children's Services Act (CSA) Program. The Madison County CSA Program provided services and/or funding for approximately 91 at-risk youth and families in Fiscal Year (FY) 2017. The audit included review and evaluation of management oversight, operational, and fiscal practices. Based upon established statewide CSA performance measures reported as of FY 2016, a significant achievement for Madison County and the CSA Program was that the percentage of youth with a decrease in Child and Adolescent Needs Strengths (CANS) school and behavioral/emotional needs domains exceed the statewide averages by 12% and 6% respectively. In addition, the Madison County CSA Program saw expenditures decline 4% from FY 2016 to FY 2017 after a seven-year trend of increasing expenditures.

However, there are additional opportunities to effect quality improvement in other areas of the CSA Program. Our audit concluded that there were major deficiencies¹ in internal controls that could adversely impact the effective and efficient use of resources, accomplishment of program objectives, as well as compliance with statutory requirements. The following significant issues were identified:

- Client case files did not always contain sufficient information demonstrating compliance with CSA requirements key to coordination and planning by the Family Assessment and Planning Team (FAPT) such as: (1) Individual Family Service Plan (IFSP) data elements (e.g. strengths, needs, discharge plan, signatures, etc.); (2) Discharge CANS assessments; (3) Consent to Exchange Information forms; and (4) evidence of utilization review.
- The Community Policy and Management Team (CPMT) for Madison County has not established aggregate performance measures to assess overall program effectiveness. Monthly meeting minutes and accompanying reports did not evidence review of "local and statewide data provided in the management reports on the number of children served, children placed out of state, demographics, types of services provided, duration of services, service expenditures, child and family outcomes, and performance measures."
- Internal controls established by CSA statutes were not effectively implemented by the CPMT in order to safeguard against conflicts of interest pertaining to the referral of services and approval of access to CSA pool funds by eligible youth and their families. Non-Public Members serving on the CPMT and FAPT did not complete the Statement of Economic Interest (SOEI) form as required by statute.

¹ Major deficiency is defined as an internal control deficiency or combination of deficiencies that severely reduces the likelihood that the entity can achieve its' objectives." Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control Integrated Framework, May 2013.

OCS appreciates the cooperation and assistance provided on behalf of the Madison County CPMT and other CSA staff. Formal responses from the Madison County CPMT to the reported audit observations are included in the body of the full report.



Stephanie S. Bacote, CIGA
Program Audit Manager



Rendell R. Briggs, CAMS
Program Auditor

INTRODUCTION

The Office Children's Services (OCS) has completed a financial/compliance audit of the Madison County Children's Services Act (CSA) program. The audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing (Standards). The Standards require planning and performance of the audit pursuant to stated audit objectives in order to provide a reasonable basis for audit observations, recommendations, and conclusions. The audit was completed on January 22, 2018 and covered the period October 1, 2016 through September 30, 2017.

The objectives of the audit were to:

- To determine whether adequate internal controls have been established and implemented over CSA expenditures.
- To determine the adequacy of training and technical assistance by assessing local government CSA staff knowledge and proficiency in implementing local CSA programs.
- To assess whether operations have maintained high standards for sound fiscal accountability and ensured responsible use of taxpayer funds by evaluating fiscal activities of local CSA programs.
- To assess the level of coordination among local government CSA stakeholders and efforts to improve CSA performance by evaluating local CSA program's operational and utilization review practices.
- To assess implementation of quality improvements addressing prior audit observations reported by OCS and/or identified in the prior self-assessment evaluation completed by the Madison County CPMT. The CSA program audit self-assessment validation was completed March 27, 2017 indicating concurrence with the conclusions reported by the Madison County CPMT acknowledging the existence of significant non-compliance observations and/or internal control weaknesses in the Madison County CSA Program.

The scope of our audit included all youth and their families who received CSA funded services during the audit period. Audit procedures performed included reviews of relevant laws, policies, procedures, and regulations; interviews with various CSA stakeholders; various tests and examination of records; and other audit procedures deemed necessary to meet the audit objectives.

BACKGROUND

Madison County was established in 1792 and named for the family of prominent statesman James Madison, the fourth President of the United States. It is located in the Shenandoah Valley region of Virginia. According to published estimates by the Weldon Cooper Center for Public Service-University of Virginia, Madison County has a population estimate of 13,099 as of July 1, 2016. The U.S. Census Bureau, State and County Quick Facts reports the median household income from 2011-2015 as \$47,736.

The Children's Services Act (CSA) is a law enacted in 1993 that establishes a single state pool of funds to purchase services for at-risk youth and their families. The state funds, combined with local community funds, are managed by local interagency teams, referred to as the Community Policy and Management Team (CPMT) who plan and oversee services to youth. The Madison County CPMT was established to comply with this statute. The CPMT is supported in this initiative by the Family Assessment and Planning Team (FAPT) responsible for recommending appropriate services. Administrative services are managed through the local CSA office staffed by a full-time CSA Coordinator. Expenditure and demographics for fiscal years 2014 to 2017 are depicted below:

**CSA Pool & Census Data by Fiscal Year for Madison County
(2014-2017)**

| FY | Census | Census Change | Census % Change | Pool Expenditures | Expenditures \$ Change | Expenditures % Change | Unit Cost | Unit Cost % Change |
|------|--------|---------------|-----------------|-------------------|------------------------|-----------------------|-----------|--------------------|
| 2014 | 120 | 15 | 14% | \$2,786,976 | \$199,846 | 8% | \$23,225 | -6% |
| 2015 | 110 | -10 | -9% | \$2,873,418 | \$86,442 | 3% | \$26,122 | 12% |
| 2016 | 115 | 5 | 5% | \$3,349,379 | \$475,961 | 17% | \$29,125 | 11% |
| 2017 | 91 | -24 | -21% | \$3,215,458 | -\$133,921 | -4% | \$31,524 | 8% |

Note: Changes recorded for FY 2014 are based on differences from fiscal year 2013 to 2014.

| FY | Pool Expenditures |
|------|-------------------|
| 2014 | \$2,786,976 |
| 2015 | \$2,873,418 |
| 2016 | \$3,349,379 |
| 2017 | \$3,215,458 |

| FY | Census |
|------|--------|
| 2014 | 120 |
| 2015 | 110 |
| 2016 | 115 |
| 2017 | 91 |

| FY | Unit Cost |
|------|-----------|
| 2014 | \$23,225 |
| 2015 | \$26,122 |
| 2016 | \$29,125 |
| 2017 | \$31,524 |

**SECTION 1 – MAJOR DEFICIENCIES
OBSERVATIONS AND RECOMMENDATIONS**

A) PROGRAM ACTIVITIES

Observation #1:
Criteria **Compliance and Internal Control – Repeat Observation**

Documentation of service planning activities requires strengthening to ensure compliance with program requirements. Twelve (12) case files were examined to confirm that the required documentation was maintained in support of and to validate FAPT and/or multi-disciplinary team (MDT) referrals and CPMT funding decisions. The results of the examination noted that client case files did not always contain sufficient information demonstrating compliance with CSA requirements key to the coordination and service planning by FAPT. At least one exception was noted in each of the 12 files reviewed. Data elements omitted from the case files reviewed and/or unable to be verified are depicted in Exhibit One below.

| Exhibit One | | |
|---|----------------------------|-------------------|
| Description | # of Eligible Cases | Error Rate |
| Individual Family Services Plan (IFSP) Missing Data Elements: strengths, needs, parent/guardian signatures, measurable goals/objectives, strategies, discharge plan, dates of service, etc. | 12 of 12 | 100% |
| Evidence of Utilization Management/Utilization Review (UM/UR) | 12 of 12 | 100% |
| Expired Consent to Exchange Information Forms | 6 of 12 | 50% |

Insufficient data collection and poor documentation in service planning may lead to increased operational and fiscal inefficiency and ineffectiveness of the local program. Further, this condition fosters an environment that makes the program more susceptible to potential loss of accessibility to State funding in support of local programs as a result of non-compliance with CSA statutes regarding service planning and access to pool funds.

The non-compliance observations referenced in this report were also identified by the CPMT in the completion of their Self-Assessment Validation Workbook in March 2017. Madison County CPMT submitted a Quality Improvement Plan (QIP) to ensure adequate documentation is maintained as justification for CPMT funding decisions. However, the measures implemented are not working as intended. The CPMT, as the governing body, is responsible for on-going monitoring of the quality improvement plan to ensure timely implementation of the plan and the actions taken are continuously working as intended.

Recommendation

- The FAPT and CSA Coordinator should ensure that all required data elements are collected and recorded in individual client services plans.

- The FAPT and CSA Coordinator should ensure that all required documentation is maintained in client case files, including Consent to Exchange Information forms and documentation of utilization review activities.
- The CPMT may want to consider adopting OCS' Model IFSP and Utilization Review (UR) Addendum forms located on the Resource Library page of the CSA website in order to strengthen the documentation procedures for IFSPs and the UR process.
- Periodic case file reviews should be performed at least annually to establish quality control of client records and ensure compliance with CSA statutes and policies.

Client Comment

“Madison County CPMT plans on adopting OCS' Model IFSP and Utilization Review (UR) forms located on the Resource Library page of the CSA website.

Madison CSA Coordinator will obtain consent to exchange information forms for all clients and the form will clearly identify the child name and the parent or legal guardian providing consent.

Periodic case file reviews will be performed at least annually to establish quality control of client records and ensure compliance with CSA statutes and policies.”

B) GOVERNANCE ACTIVITIES

| | |
|------------------------|---|
| Observation #2: | |
| Criteria | Compliance and Internal Control – Repeat Observation |

The Madison County CPMT has not documented or implemented a formal process of Utilization Management/Utilization Review (UM/UR) activities. Program oversight by the CPMT has not included review and/or assessment of specific reports that summarize, in aggregate, program outcomes to demonstrate accomplishment of statewide and local program goals, objectives, and effectiveness of the services provided correlated with the funds expended as follows:

- The CPMT has not reviewed local and statewide data provided in the management reports on the number of children served, children placed out of state, demographics, types of services provided, duration of services, service expenditures, child and family outcomes, and performance measures.
- The CPMT has not tracked the utilization and performance of residential placements using data and management reports to develop and implement strategies for returning children placed outside of the Commonwealth, preventing placements, and reducing lengths of stay in residential programs for children who can appropriately and effectively be served in their home, relative's homes, family-like setting, or their community.

Utilization Management is a key element in the CPMT's monitoring activities and assessing the appropriateness and effectiveness of services purchased, which is critical to ensure the CPMT is well informed when carrying out its decision-making responsibilities.

The non-compliance observation referenced in this report was also identified by the CPMT in the completion of their self-assessment workbook. Actions taken by the Madison County CSA Office included an annual report to the Madison County Board of Supervisors that only depicts child count and expenditures. The report does not include non-financial outcome measures and to date is not shared with the full CPMT.

Recommendation

- The CPMT should document a utilization management plan that establishes performance metrics to monitor and analyze the overall effectiveness of the local CSA program, to include but not be limited to, utilization of OCS management reports available on the CSA website
 - **CSA Performance Measures for FY 2015 and FY 2016** (web link)
 - **Performance Dashboard** (web link)
 - **Data Set Reports** (web link)
 - OCS Reports to the General Assembly
(web link: <http://www.csa.virginia.gov/OCSDData/ReportsPublications>)
- The CPMT should develop measurable criteria for evaluating the achievement of its stated goals and objectives and report progress to all stakeholders at least annually to bring about further awareness of the CSA program and to evidence a formal program evaluation activity, with documentation in the meeting minutes.

Client Comment

"Madison County CPMT will document a utilization management plan that establishes performance metrics to monitor and analyze the overall effectiveness of the local CSA program, to include but not limited to, utilization of OCS' management reports available on the CSA website.

- CSA Performance Measures for FY 2015 and FY 2016 (web link)
- Performance Dashboard (web link)
- Data Set Reports (web link)
- OCS Reports to the General Assembly

Madison County CPMT will develop measurable criteria for evaluating the achievement of its stated goals and objectives and report progress to all stakeholders at least annually to bring about further awareness of the CSA program and to evidence a formal program evaluation activity, with subsequent documentation in its board minutes."

Observation #3

Criteria

Compliance and Internal Control – Repeat Observation

Internal controls established by CSA statutes were not effectively implemented by the Madison County CSA Program in order to safeguard against conflicts of interest pertaining to the referral of services and approval of access to CSA pool funds by eligible youth and their families. Specific areas on non-compliance and/or breakdown in established controls include:

- Non-public members serving on the Community Policy and Management Teams (CPMT) and Family Assessment and Planning Teams (FAPT) did not complete the Statement of Economic Interest (SOEI) form as required by statute.
- CPMT minutes documented from November 2016 through September 2017 did not record the persons serving on the CPMT who represent public providers for children’s or family services as abstaining from decision-making involving individual cases in which they have either a personal or fiduciary interest. The private provider representative was present for all of the meetings that included requests for funding of services to be provided by the organization that they represented.

The effectiveness of the controls to ensure accountability and appropriate use of CSA pool funds are significantly reduced based on the increased possibility that required parties may not have appropriately disclosed personal interests.

Recommendation

- The CPMT should ensure that the Statement of Economic Interests is completed immediately for all non-public participating members serving on the CPMT/FAPT.
- Non-Public Officials of the CPMT should abstain from voting on funding authorizations where they have a personal or fiduciary interest. The CPMT should ensure that votes are appropriate and accurately recorded in the CPMT minutes (e.g. Yea /Nay/ Abstain)

Client Comment

“The CPMT will ensure that the Statement of Economic Interests Form is completed immediately for all non-public participating members serving on the CPMT/FAPT.

Observation #4:

Criteria

Compliance and Internal Control

Written policies and procedures are not consistent with state statutes, established CSA guidance, and/or best practices that direct the CPMT to ensure procedures are established to govern local CSA programs. Opportunities for improvement/enhancements were noted based on instances of

non-compliance with CSA statutory requirements and internal control weaknesses identified as follows:

- The CPMT has not developed and incorporated policies for providing Intensive Care Coordination (ICC) services for children who are at risk of entering or are placed in residential care through the CSA program in accordance with the criteria established by statute.
- Policies have not been established to govern written and/or electronic records management/retention to protect confidential data regarding individual children and families, which would improve consistency in documentation of service planning and funding decisions.

Policies are necessary to facilitate and communicate the CPMT's expectations in implementing CSA. In addition, the policies document the operational controls the CPMT has adopted to ensure the program is administered in accordance with state and local requirements, and that the stated objectives are achieved.

Recommendation

The CPMT should immediately establish and document policies governing the provisions of ICC services and electronic records retention to reflect current state and local CSA practices and requirements.

Client Comment

"Madison County CPMT will initiate a review of our policies and procedures and update the policies where applicable to ensure: (a) alignment with current CSA statutes and policies adopted by the State Executive Council for Children's Services and other applicable child/family servicing agencies, and (b) clarity and consistency implementation. In addition, the CPMT should adopt a policy that will address the frequency of review of current policies."

SECTION 2 – OTHER DEFICIENCIES OBSERVATIONS AND RECOMMENDATIONS

C) Governance Activities

Observation #5:

Criteria

Internal Control

The CPMT has not established a formal orientation and/or continuing education program to ensure new and existing local CSA stakeholders are afforded awareness on the duties and responsibilities of CPMT, state requirements (e.g. legislative changes), and local policies and procedures governing CSA. The establishment of a formal training program will ensure stakeholders understand and can further articulate the purpose and the responsibilities of the CPMT and FAPT. In addition, continuing education programs promote consistent application of state requirements and local CSA policies and procedures, which lead to the achievement of stated performance measures/outcomes.

Recommendation

The CPMT should implement a process to enhance communications and periodically assess the training needs of new and existing CPMT, FAPT, and community stakeholders. Based upon assessment results, the CPMT should develop and implement a formal training agenda. At least annually, the CPMT should report on continuing education acquired/provided by CPMT and FAPT members as well as participation by community stakeholders (i.e. parent representatives, private providers, etc.).

Client Comment

“Madison County CPMT will implement a process to enhance communications with partner agencies, youth, families, and community stakeholders to promote the Madison County CSA program and share information regarding the program’s philosophy, ethics, goals, performance, budgeting, etc. Included actions to be considered may include, but not limited to, the following:

- Utilization of the new county CSA website for ongoing dissemination of information-aggregate performance measures that access the overall effectiveness of services-to the public and community stakeholder.
- The CPMT will implement a process to ensure stakeholders receive and complete initial orientation and annual training sessions in accordance with their policies and procedures manual.
- Include reporting of performance outcomes as a standing agenda item for CPMT meetings.
- Utilize surveys to solicit stakeholder feedback.

Periodically assess the training needs of CPMT, FAPT and community stakeholders. Based upon assessment results, the CPMT will develop and implement a formal training agenda. At least annually, the CPMT should report on continuing education acquired/provided by CPMT and FAPT members as well as participation by community stakeholders (i.e. parent representatives, private providers, etc.)”

CONCLUSION

Our audit concluded that there were major deficiencies in compliance and internal controls over the Madison County CSA program. Conditions were identified that could adversely impact the effectiveness and efficient use of resources, accomplishment of program objectives, as well as compliance with statutory requirements. An exit conference was conducted, via conference call, on December 8, 2017 to present the audit results to the Madison County CPMT. Person in attendance representing Madison County CPMT was Ms. Valarie Ward, CPMT Chair, Department of Social Services.

Representing the Office of Children's Services was: Rendell R. Briggs, Program Auditor. We would like to thank the Madison County CPMT and related CSA staff for their cooperation and assistance on this audit.

REPORT DISTRIBUTION

Scott Reiner, Executive Director

Office of Children's Services

Jack Hobbs, Madison County Administrator

Valerie Ward, CPMT Chair

Mary Jane Costello, CPMT Fiscal Agent

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SEC Finance and Audit Committee